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E.U. 12065 RDS 1=3 11/17/01 (BRUSH: PETER N.) DR-M TAGS: MNUC SCSA TNUC 1AEA SUBJECT: ALLEGATIONS BY FORMER IAEA SAFEGUARDS INSPECTOR

- I. SUMMARY. MISSION UNDERSTANDS THAT A FORMER IAEA SAFEGUARDS INSPECTOR FOR JAPAN (RUY MORGAN-US) HAS LOR WILL SHORTLY) RELEASED A REPORT CONCERNING ADEQUACY OF IAEA SAFEGUARDS SYSTEM. IAEA SAFEGUARDS DDG GRUEMM HAS REQUESTED URGENT DETAILS ON THIS REPORT FOR CONTINGENCY USE AT A PRESS CONFERENCE FRIDAY NOVEMBER 20. JAPANESE HAVE ALSO REQUESTED INFORMATION FROM IAEA ON NEW REPORT. AND EXPRESSED CONCERN OVER POSSIBLE ALLEGATIONS OF INADEQUACY OF IAEA SAFEGUARDS IN JAPAN. END SUMMARY.
- 2. IAEA DDG GRUEMM CONTACTED MISSION NOV 17 IN SOME AGITATION; REPORTING MRUMORSM THAT FORMER IAEA SAFE—GUARDS INSPECTOR ROY MORGAN (WHO LEFT IAEA IN AUGUST: 1980) AFTER A THREE—YEAR ASSIGNMENT) HAS (OR #AS ABOUT TO) RELEASED A DETAILED REPORT GUESTIONING ADEQUACY OF

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IAEA SAFEGUARDS AT RESEARCH REACTURS. CHARACTERIZING THIS AS POSSIBLY MANOTHER ROGER RICHTER CASE. GRUEMM URGENTLY REQUESTED DETAILS OF PUSSIBLE MORGAN REPORT AND U. S. VIEWS ON HOW TO RESPOND TO QUESTIONS CONCERNING ITS CONTENT. ACCORDING TO GRUEMM'S INFORMATION. MORGAN REPORT WAS RECENTLY SENT TO USNRC AND WAS REVEALED DURING RECENT CONGRESSIONAL HEARING.

- 3. GRUEMM ALSO NOTED PROBLEM ASSOCIATED WITH TIMING OF ANY SUCH FURTHER ALLEGATIONS. IAEA INSPECTORS ARE NOW COMPLETING INSPECTION OF IRAGI TAMUZ REACTOR AND HAVE APPARENTLY CONCLUDED THAT ALL THE FRENCH-SUPPLIED HEU FUEL IS STILL PRESENT THERE. AS RESULT OF INTENSE PRESS INTEREST IN IRAGI SAFEGUARDS. IAEA PLANS TO HOLD PRESS CONFERENCE NOVEMBER 20 TO REPORT ON INSPECTION. AND GRUEMM BELIEVES GUESTION OF MORGAN REPORT MAY ALSO COME UP IN THAT CONTEXT.
- 4. GRUEMM ALSO STATED TO MISSION THAT JAPANESE HAVE CONTACTED HIS OFFICE. ASKING FOR DETAILS AS TO WHETHER
 MORGAN REPORT IS CRITICAL OF IAEA SAFEGUARDS INSPECTION
 OF RESEARCH REACTOR IN JAPAN. GRUEMM NOTED IN PASSING
 THAT ANY SUCH REPORT WOULD CREATE FURTHER PROBLEMS FOR
 OBTAINING ACCEPTANCE OF U.S. SAFEGUARDS INSPECTIONS.
- 5. IN LIGHT OF FOREGOING. MISSION WOULD APPRECIATE ANY GUIDANCE OR INFORMATION WHICH DEPT MAY HAVE CON-CERNING THESE ISSUES. TOGETHER WITH GUIDANCE AS TO PREFERRED LINE FOR IAEA TO FOLLOW.

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END OF MESSAGE

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